

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

June 30, 2014

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

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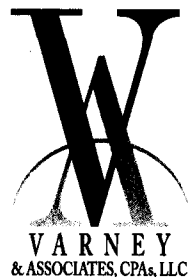
ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Manhattan, Kansas

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September 3, 2014

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

Independent Auditor's Report

We have audited the accompanying fund summary statement of regulatory receipts, expenditures, and unencumbered cash balances of Abilene Unified School District No. 435 (the District) as of and for the year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the previous paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Regulatory-Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds and schedule of regulatory basis receipts, expenditures and unencumbered cash - activity funds (Schedules 1, 2 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued a report dated September 3, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

OMB Circular A-133

Our audit was performed for the purpose of forming an opinion on the regulatory basis financial statement of the District, taken as a whole. The information identified in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the statutory basis financial statement of Abilene Unified School District No. 435, Abilene, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole, on the basis of accounting described in Note 1.

Vaney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended June 30, 2014

STATEMENT 1

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS						
General Funds:						
General Fund	\$ -	\$ 9,501,522	\$ 9,304,565	\$ 196,957	\$ -	\$ 196,957
Supplemental General Fund	396,210	3,060,241	3,058,436	146,083	214,808	360,891
Special Purpose Funds						
Capital Outlay Fund	1,787,290	357,346	356,751	1,787,263	108,578	1,895,841
Driver Training Fund	90,495	16,927	17,775	89,647	-	89,647
At-Risk (K-12) Fund	856,846	500,000	520,924	835,922	-	835,922
Food Service Fund	269,211	891,535	922,521	238,225	-	238,225
Special Education Fund	1,860,339	1,568,380	1,980,900	1,447,819	-	1,447,819
Professional Development Fund	322,608	2,350	30,774	294,184	-	294,184
Adult Supplemental Education Fund	25,000	-	-	25,000	-	25,000
Recreation Commission Fund	11,556	217,702	200,328	28,930	-	28,930
Recreation Commission Employee Benefit Fund	3,977	42,523	41,958	4,542	-	4,542
Parent Education Fund	85,270	90,137	108,862	66,545	-	66,545
Vocational Education Fund	791,410	648,817	634,654	805,573	-	805,573
KPERS Special Retirement Contribution Fund	-	865,211	865,211	-	-	-
Contingency Reserve Fund	693,360	87,519	-	780,879	-	780,879
Bilingual Education Fund	21,301	-	10,000	11,301	-	11,301
Title I Fund	3,517	205,676	209,193	-	-	-
Title IIA Fund	12,134	46,755	58,889	-	-	-
Extraordinary School Program Fund	173,504	6,501	38,887	141,118	-	141,118
Charter Virtual School Fund	202,696	64,309	90,546	176,459	-	176,459
Family Fitness Challenge Fund	2,888	23,966	21,540	5,314	-	5,314

(Continued)

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

Financial Statement

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended June 30, 2014

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS (CONTINUED)						
Special Purpose Funds (Continued)						
Carl Perkins Grant Fund	-	12,918	12,918	-	-	-
LIFE 21st Century (K-5) Fund	24,599	98,652	99,910	23,341	-	23,341
Activity Fund	149	45,032	45,181	-	-	-
Textbook & Student Materials Revolving Fund	40,333	117,587	123,930	33,990	25,445	59,435
Bond and Interest #1 Fund	1,019,025	344,532	368,212	995,345	-	995,345
Bond and Interest - 2014 Bond	-	24,278,128	149,950	24,128,178	-	24,128,178
Total Reporting Entity (Excluding Agency Funds)	\$ 8,693,718	\$43,094,266	\$ 19,272,815	\$ 32,262,615	\$ 348,831	\$ 32,611,446
Composition of Cash						
Checking and Money Market - Astra Bank						\$ 18,085,429
Investments						14,621,163
Petty Cash						6,600
Total Cash						\$ 32,713,192
Less: Agency Funds per Schedule 3						(101,746)
Total Reporting Entity (Excluding Agency Funds)						\$ 32,611,446

**STATEMENT 1
(CONTINUED)**

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

Financial Statement

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

NOTES TO FINANCIAL STATEMENT

June 30, 2014

Note 1: Summary of Significant Accounting Policies

The Abilene Unified School District No. 435 (the District) has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented after applying memorandum adjustments, where applicable, to record accrued revenues, expenses and inventories, resulting in a financial statement presented on a modified accrual basis of accounting.

Basis of Presentation

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America - The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balances on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Fund Descriptions

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2014:

Governmental Funds

General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds are used to account for the proceeds of specific revenue sources (other than major capital projects and tax levies for long-term debt) that are restricted by law or administrative action to expenditure for specified purposes.

Bond and Interest Fund is used to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Those include expendable trust funds and agency funds. The activity funds are considered an agency fund and the balance on hand is payable to student organizations.

Waiver of Financial Reporting Requirements

The District's Board of Education has determined by resolution that financial statement prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the Unified School District or the members of the general public of the District. The District submitted a waiver form with the Division of Accounts and Reports of the State of Kansas which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with generally accepted accounting principles, as provided for and authorized by K.S.A. 75-1120a(c).

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and are distributed to the District by January 20 to help finance the current year's budget. The second half are due May 10 and are distributed to the District by June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

Use of Estimates

The preparation of a financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute) and bond and interest funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding twelve month period on or before August 1 of each year.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 2: Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such amendments this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Carl Perkins Fund	LIFE 21st Century (K-5) Fund	Garfield School Grant Fund
Title IIA Fund	Title I Fund	Title IV Fund
Activity Fund	Family Fitness Challenge Fund	Title IID Fund
Contingency Reserve Fund	Textbook & Student Materials Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3: Deposits and Investments

As of June 30, 2014, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Rating U.S.
		Less than 1	1 - 2	
Treasury Notes	\$ 1,209,815	\$ -	\$ 1,209,815	NR
Federal Home Loan Mtg Corp	1,521,830	-	1,521,830	AA+
Federal Home Loan Banks	9,446,750	1,218,770	8,227,980	AA+
Federal Natl Mortgage Assn	2,442,768	-	2,442,768	AA+
	<u>\$ 14,621,163</u>	<u>\$ 1,218,770</u>	<u>\$ 13,402,393</u>	

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions, U.S. government securities; temporary notes; no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The District has no investment policy that would further limits its investment choices.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2014, is as follows:

Investments	Percentage of Investments
U.S. Treasury Notes	8.27%
Federal Home Loan Mtg Corp	10.41%
Federal Home Loan Banks	64.61%
Federal Natl Mortgage Assn	16.71%

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 3: Deposits and Investments (continued)

Custodial credit risk-deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not utilize peak periods. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the District's carrying amount of deposits was \$17,990,282 and the bank balance was \$18,186,506. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by the federal depository insurance, and the remaining \$17,936,506 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk-investments - For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the position of an outside party. State statutes require investments to be adequately secured.

Note 4: Interfund Transfers

From	To	Statutory Authority	Amount
General Fund	Virtual Education Fund	K.S.A. 72-7063	\$ 64,000
General Fund	Special Education Fund	K.S.A. 72-7063	1,513,177
General Fund	Parent Teachers Fund	K.S.A. 72-7063	20,000
General Fund	Vocational Fund	K.S.A. 72-7063	10,967
General Fund	Contingency Reserve	K.S.A. 72-7063	87,520
Supplemental General Fund	Vocational Fund	K.S.A. 72-7063	529,032
Supplemental General Fund	At-Risk Fund	K.S.A. 72-7063	500,000
			<u>\$ 2,724,696</u>

Note 5: Defined Benefit Pension Plan

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 6: Compensated Absences
Sick Leave

Certified Employees - All certified teachers shall be credited at the beginning of the school year with 11 days of sick leave, which shall accumulate to not more than 70 days. A teacher may begin a year with the 70 day maximum accumulated and use sick days from the 11 days allowed for the year prior to dropping below the 70 day maximum.

Payment will be made for unused sick leave for those days lost beyond the 70 day maximum use. The reimbursement will be made at the same rate as payment made at retirement, which is \$12 for those under 15 years of service and \$15 for those having 15 or more years of service.

Non-Certified Employees - Classified staff shall receive sick leave for personal illnesses equal to one day of sick leave per month of contract duty plus one day (9 month contract = $9 + 1 = 10$ days), cumulative to 7 times the number of months employed. An employee may begin a year with the maximum accumulated sick leave and use the annual allowance before dropping below the maximum. Partial day employees who work daily will receive the same number of partial sick days as do the full time employees.

Sick leave is to be used only for the employee's illness, illness of the immediate family or funeral days. Sick leave will be reimbursed on not more than 8 hours per day.

Payment will be made for unused sick leave for those days lost beyond the maximum accumulation. The reimbursement will be made at the same rate as payment made for unused sick leave at retirement, which is \$12 for those having less than 15 years of service with the District and \$15 for those having 15 or more years of service with the District (the payment shall not exceed one-half of the daily pay).

All administrators shall be provided with the same sick leave and personal leave provisions provided other full time personnel.

Vacation Leave

Only 12-month employees are entitled to paid vacation. Unless stated differently in policy or contract, two weeks paid vacation will be provided. Vacations are to be taken within the contract year earned and must be totally used by June 30 of the following year or they are forfeited. Vacation leave will be paid on the normal contract work.

Beginning the sixth year of service, 1 additional day of vacation will be added (to the 10 day leave), and a second day will be added on and after the tenth year of service. Full-time classified staff having ten or more years of service will then have 12 days of vacation per year.

Personal Leave

Each classified employee will be allowed two days of personal leave per year. Personal leave can be accumulated to a maximum of 3 days. Personal leave should be requested 1 week in advance and should not be scheduled prior to or following a holiday or the last week school is in session. Leave required for emergency purposes may be granted by the administration. A payment for unused personal leave that might be lost will be \$25 per day.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Notes to Financial Statement

Note 7: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 8: Termination Benefits

The District provides an early retirement program for certain eligible employees. Those eligible under this program may receive benefits for up to 5 years. Payments to retired employees under this plan were \$138,072 for the year ended June 30, 2014.

Note 9: Federal and State Grants

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 10: In-Substance Receipt in Transit

The District received \$954,642 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 10: Long-Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2013, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
General Obligation - Bonds										
Series 2011	2-3%	10/1/11	\$ 3,775,000	9/1/23	\$ 3,735,000	\$ -	\$ 280,000	\$ (280,000)	\$ 3,455,000	\$ 88,213
Series 2014	2-4%	5/1/14	24,200,000	9/1/39	-	24,200,000	-	24,200,000	24,200,000	-
Lease Purchase										
Apple computers 12	2.85%	5/15/12	508,464	5/15/15	254,132	-	125,281	(125,281)	128,851	7,243
Total Long-Term Debt					<u>\$ 3,989,132</u>	<u>\$ 24,200,000</u>	<u>\$ 405,281</u>	<u>\$ 23,794,719</u>	<u>\$ 27,783,851</u>	<u>\$ 95,456</u>

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENT (CONTINUED)
June 30, 2014

Note 10: Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	Total
Principal											
General Obligation - Bonds Series 2011	\$ 290,000	\$ 305,000	\$ 320,000	\$ 335,000	\$ 355,000	\$ 1,850,000	\$ -	\$ -	\$ -	\$ -	\$ 3,455,000
General Obligation - Bonds Series 2014	-	150,000	400,000	400,000	400,000	2,325,000	4,975,000	6,150,000	7,650,000	1,750,000	24,200,000
Lease Purchase Apple computers 12	128,851	-	-	-	-	-	-	-	-	-	128,851
Total Principal	\$ 418,851	\$ 455,000	\$ 720,000	\$ 735,000	\$ 755,000	\$ 4,175,000	\$ 4,975,000	\$ 6,150,000	\$ 7,650,000	\$ 1,750,000	\$ 27,783,851
Interest											
General Obligation - Bonds Series 2011	\$ 88,213	\$ 82,513	\$ 70,313	\$ 62,925	\$ 54,300	\$ 120,356	\$ 3,975	\$ -	\$ -	\$ -	\$ 482,595
General Obligation - Bonds Series 2014	676,068	809,782	804,282	796,282	786,282	3,729,535	3,038,410	2,155,111	1,010,175	31,719	13,837,646
Lease Purchase Apple computers 12	3,672	-	-	-	-	-	-	-	-	-	3,672
Total Interest	\$ 767,953	\$ 892,295	\$ 874,595	\$ 859,207	\$ 840,582	\$ 3,849,891	\$ 3,042,385	\$ 2,155,111	\$ 1,010,175	\$ 31,719	\$ 14,323,913
TOTAL PRINCIPAL AND INTEREST	\$ 1,186,804	\$ 1,347,295	\$ 1,594,595	\$ 1,594,207	\$ 1,595,582	\$ 8,024,891	\$ 8,017,385	\$ 8,305,111	\$ 8,660,175	\$ 1,781,719	\$ 42,107,764

Notes to Financial Statement

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2014

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Governmental Type Funds:					
General Fund	\$ 9,025,825	\$ 445,103	\$ 9,470,928	\$ 9,304,565	\$ 166,363
Supplemental General Fund	3,058,439	-	3,058,439	3,058,436	3
Special Revenue Funds					
Capital Outlay Fund	1,500,000	-	1,500,000	356,751	1,143,249
Driver Training Fund	30,000	-	30,000	17,775	12,225
At-Risk (K-12) Fund	726,340	-	726,340	520,924	205,416
Food Service Fund	997,317	-	997,317	922,521	74,796
Special Education Fund	2,098,570	-	2,098,570	1,980,900	117,670
Professional Development Fund	75,000	-	75,000	30,774	44,226
Adult Supplemental Education Fund	25,000	-	25,000	-	25,000
Recreation Commission Fund	200,328	-	200,328	200,328	-
Recreation Commission Employee Benefit Fund	41,958	-	41,958	41,958	-
Parent Education Fund	115,352	-	115,352	108,862	6,490
Vocational Education Fund	634,655	-	634,655	634,654	1
KPERS Special Retirement Contribution Fund	891,340	-	891,340	865,211	26,129
Bilingual Education Fund	10,000	-	10,000	10,000	-
Extraordinary School Program Fund	90,000	-	90,000	38,887	51,113
Charter Virtual School Fund	150,000	-	150,000	90,546	59,454
Bond & Interest #1 Fund	368,212	-	368,212	368,212	-
Total Funds	\$ 20,038,336	\$ 445,103	\$ 20,483,439	\$ 18,551,304	\$ 1,932,135

SCHEDULE 1

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS AND TRANSFERS			
Ad Valorem property tax	\$ 1,364,262	\$ 1,313,706	\$ 50,556
Delinquent tax	30,902	20,886	10,016
State equalization aid	6,462,297	6,183,428	278,869
Special education state aid	1,370,140	1,508,775	(138,635)
PL 874	996	2,100	(1,104)
Reimbursed expenses and other income	272,925	-	272,925
Total Cash Receipts	<u>\$ 9,501,522</u>	<u>\$ 9,028,895</u>	<u>\$ 472,627</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 5,230,415	\$ 4,753,758	\$ (476,657)
Student support services	312,268	384,850	72,582
Instructional support staff	425,298	513,686	88,388
General administration	439,540	454,926	15,386
School administration	762,082	815,860	53,778
Student transportation	382,065	347,473	(34,592)
Other supplemental services	57,233	86,709	29,476
Operating transfers	1,695,664	1,668,563	(27,101)
Adjustments for qualifying budget credits	-	445,103	445,103
Total Expenditures and Transfers	<u>\$ 9,304,565</u>	<u>\$ 9,470,928</u>	<u>\$ 166,363</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 196,957</u>	<u>\$ (442,033)</u>	<u>\$ 638,990</u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	-		
UNENCUMBERED CASH - ENDING	<u>\$ 196,957</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 1,520,671	\$ 44,925	\$ 1,475,746
Delinquent tax	34,219	23,101	11,118
Motor vehicle tax	199,356	180,586	18,770
State aid	1,304,106	1,282,728	21,378
Other income	1,889	-	1,889
Total Cash Receipts	<u>\$ 3,060,241</u>	<u>\$ 1,531,340</u>	<u>\$ 1,528,901</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 639,474	\$ 368,556	\$ (270,918)
Instructional	30,870	-	(30,870)
General administration	19,530	25,000	5,470
School administration	10,951	20,000	9,049
Operations and maintenance	1,328,579	1,724,883	396,304
Transfers	1,029,032	920,000	(109,032)
Total Expenditures and Transfers	<u>\$ 3,058,436</u>	<u>\$ 3,058,439</u>	<u>\$ 3</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 1,805</u>	<u>\$ (1,527,099)</u>	<u>\$ 1,528,904</u>
UNENCUMBERED CASH - BEGINNING (as restated)	396,210		
Prior year canceled encumbrances	<u>(251,932)</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 146,083</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 265,656	\$ 256,206	\$ 9,450
Delinquent tax	4,386	4,065	321
Motor vehicle tax	12,910	13,173	(263)
Recreation vehicle tax	273	-	273
Interest	20,070	-	20,070
Other income	54,051	-	54,051
Total Cash Receipts	<u>\$ 357,346</u>	<u>\$ 273,444</u>	<u>\$ 83,902</u>
EXPENDITURES AND TRANSFERS			
Capital outlay	<u>\$ 356,751</u>	<u>\$ 1,500,000</u>	<u>\$ 1,143,249</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 595</u>	<u>\$ (1,226,556)</u>	<u>\$ (1,059,347)</u>
UNENCUMBERED CASH - BEGINNING	1,787,290		
Prior year canceled encumbrances	<u>(622)</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 1,787,263</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
State aid	\$ 4,335	\$ 8,050	\$ (3,715)
Student fees	12,592	10,000	2,592
Total Cash Receipts	<u>\$ 16,927</u>	<u>\$ 18,050</u>	<u>\$ (1,123)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 13,243	\$ 15,000	\$ 1,757
Vehicle operations and maintenance	4,532	15,000	10,468
Total Expenditures and Transfers	<u>\$ 17,775</u>	<u>\$ 30,000</u>	<u>\$ 12,225</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (848)</u>	<u>\$ (11,950)</u>	<u>\$ 11,102</u>
UNENCUMBERED CASH - BEGINNING	90,495		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 89,647</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
AT-RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Transfers	\$ 500,000	\$ -	\$ 500,000
EXPENDITURES AND TRANSFERS			
Instruction	\$ 520,924	\$ 726,340	\$ 205,416
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (20,924)	<u>\$ (726,340)</u>	<u>\$ 705,416</u>
UNENCUMBERED CASH - BEGINNING	856,846		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 835,922</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
State aid	\$ 8,975	\$ 8,215	\$ 760
Federal aid	512,450	418,098	94,352
Sales	266,866	263,557	3,309
Other income	103,244	38,246	64,998
Total Cash Receipts	<u>\$ 891,535</u>	<u>\$ 728,116</u>	<u>\$ 163,419</u>
EXPENDITURES AND TRANSFERS			
Operations and maintenance	<u>\$ 922,521</u>	<u>\$ 997,317</u>	<u>\$ 74,796</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (30,986)</u>	<u>\$ (269,201)</u>	<u>\$ 88,623</u>
UNENCUMBERED CASH- BEGINNING	269,211		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 238,225</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Other	\$ 55,203	\$ -	\$ 55,203
Transfers	1,513,177	1,508,775	4,402
Total Cash Receipts	<u>\$ 1,568,380</u>	<u>\$ 1,508,775</u>	<u>\$ 59,605</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 1,897,106	\$ 2,027,824	\$ 130,718
Student transportation	72,812	48,746	(24,066)
Operations and maintenance	10,982	22,000.00	11,018
Total Expenditures and Transfers	<u>\$ 1,980,900</u>	<u>\$ 2,098,570</u>	<u>\$ 117,670</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (412,520)</u>	<u>\$ (589,795)</u>	<u>\$ (58,065)</u>
UNENCUMBERED CASH - BEGINNING	1,860,339		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 1,447,819</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
State aid	\$ -	\$ -	\$ -
Other income	2,350	770	1,580
Transfers	-	130,000	(130,000)
Total Cash Receipts	<u>\$ 2,350</u>	<u>\$ 130,770</u>	<u>\$ (128,420)</u>
EXPENDITURES AND TRANSFERS			
Instructional support staff	\$ 28,110	\$ 31,051	\$ 2,941
Other supplemental service	2,664	43,949	41,285
Total Expenditures and Transfers	<u>\$ 30,774</u>	<u>\$ 75,000</u>	<u>\$ 44,226</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (28,424)</u>	<u>\$ 55,770</u>	<u>\$ (84,194)</u>
UNENCUMBERED CASH - BEGINNING	322,608		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 294,184</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
ADULT SUPPLEMENTAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Transfers	\$ -	\$ -	\$ -
EXPENDITURES AND TRANSFERS			
Instruction	\$ -	\$ 25,000	\$ 25,000
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	<u>\$ (25,000)</u>	<u>\$ 25,000</u>
UNENCUMBERED CASH - BEGINNING	25,000		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 25,000</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
RECREATION COMMISSION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 174,838	\$ 168,587	\$ 6,251
Delinquent tax	3,520	2,326	1,194
Motor vehicle tax	19,472	17,859	1,613
Recreational vehicle tax	412	-	412
Other	19,460	-	19,460
Total Cash Receipts	<u>\$ 217,702</u>	<u>\$ 188,772</u>	<u>\$ 9,470</u>
EXPENDITURES AND TRANSFERS			
Appropriations to City of Abilene	<u>\$ 200,328</u>	<u>\$ 200,328</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 17,374</u>	<u>\$ (11,556)</u>	<u>\$ 9,470</u>
UNENCUMBERED CASH - BEGINNING	11,556		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 28,930</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
RECREATION COMMISSION EMPLOYEE BENEFIT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 31,937	\$ 37,165	\$ (5,228)
Delinquent tax	1,243	817	426
Motor vehicle tax	7,035	-	7,035
Recreational vehicle tax	148	-	148
Other	2,160	-	2,160
Total Cash Receipts	<u>\$ 42,523</u>	<u>\$ 37,982</u>	<u>\$ 4,541</u>
EXPENDITURES AND TRANSFERS			
Appropriations to City of Abilene	<u>\$ 41,958</u>	<u>\$ 41,958</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 565</u>	<u>\$ (3,976)</u>	<u>\$ 4,541</u>
UNENCUMBERED CASH - BEGINNING	3,977		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 4,542</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
State aid	\$ 69,910	\$ 69,910	\$ -
Grant income	-	9,000	(9,000)
Other income	227	-	227
Transfers	20,000	-	20,000
Total Cash Receipts	<u>\$ 90,137</u>	<u>\$ 78,910</u>	<u>\$ 11,227</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 108,136	\$ 115,352	\$ 7,216
Student support services	726	-	(726)
Total Expenditures and Transfers	<u>\$ 108,862</u>	<u>\$ 115,352</u>	<u>\$ 6,490</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (18,725)</u>	<u>\$ (36,442)</u>	<u>\$ 17,717</u>
UNENCUMBERED CASH - BEGINNING	85,270		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 66,545</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Other income	\$ 96,234	\$ 75,000	\$ 21,234
Reimbursed expenses	12,584	-	12,584
Transfers	539,999	700,000	(160,001)
Total Cash Receipts	<u>\$ 648,817</u>	<u>\$ 775,000</u>	<u>\$ (126,183)</u>
EXPENDITURES AND TRANSFERS			
Instruction	<u>\$ 634,654</u>	<u>\$ 634,655</u>	<u>\$ 1</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 14,163</u>	<u>\$ 140,345</u>	<u>\$ (126,182)</u>
UNENCUMBERED CASH - BEGINNING	791,410		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 805,573</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
BOND AND INTEREST #1 FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 168,886	\$ 162,829	\$ 6,057
Delinquent tax	5,642	2,750	2,892
Motor vehicle tax	33,391	29,956	3,435
Recreational vehicle tax	703	-	703
State aid	135,910	143,603	(7,693)
Total Cash Receipts	<u>\$ 344,532</u>	<u>\$ 339,138</u>	<u>\$ 5,394</u>
EXPENDITURES AND TRANSFERS			
Principal	\$ 280,000	\$ 280,000	\$ -
Interest	88,212	88,212	-
Total Expenditures and Transfers	<u>\$ 368,212</u>	<u>\$ 368,212</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (23,680)</u>	<u>\$ (29,074)</u>	<u>\$ 5,394</u>
UNENCUMBERED CASH - BEGINNING	1,019,025		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 995,345</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
KPERS contributions	\$ 865,211	\$ 891,340	\$ (26,129)
EXPENDITURES AND TRANSFERS			
Instruction	\$ 590,679	\$ 614,133	\$ 23,454
Student support services	33,743	33,871	128
Instructional support staff	28,119	27,632	(487)
General administration	25,005	25,849	844
School administration	70,255	72,199	1,944
Other supplemental services	5,625	5,348	(277)
Operations and maintenance	49,230	50,806	1,576
Student transportation	25,264	24,066	(1,198)
Food service	37,291	37,436	145
Total Expenditures and Transfers	<u>\$ 865,211</u>	<u>\$ 891,340</u>	<u>\$ 26,129</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	<u>\$ -</u>	<u>\$ -</u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ -</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS	\$ -	\$ -	\$ -
EXPENDITURES AND TRANSFERS			
Instruction	\$ 10,000	\$ 10,000	\$ -
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (10,000)	<u>\$ (10,000)</u>	<u>\$ -</u>
UNENCUMBERED CASH - BEGINNING	21,301		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 11,301</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
EXTRAORDINARY SCHOOL PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Student fees	\$ 6,501	\$ -	\$ 6,501
EXPENDITURES AND TRANSFERS			
Instruction	\$ 38,771	\$ 90,000	\$ 51,229
General administration	116	-	(116)
Total Expenditures and Transfers	<u>\$ 38,887</u>	<u>\$ 90,000</u>	<u>\$ 51,113</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (32,386)		
UNENCUMBERED CASH - BEGINNING	173,504		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 141,118</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
CHARTER VIRTUAL SCHOOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance Favorable - (Unfavorable)
CASH RECEIPTS			
Student fees	\$ 309	\$ 5,000	\$ (4,691)
Transfers	64,000	97,222	(33,222)
Total Cash Receipts	<u>\$ 64,309</u>	<u>\$ 102,222</u>	<u>\$ (37,913)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 89,237	\$ 132,500	\$ 43,263
General administration	1,309	17,500	16,191
Total Expenditures and Transfers	<u>\$ 90,546</u>	<u>\$ 150,000</u>	<u>\$ 59,454</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (26,237)		
UNENCUMBERED CASH - BEGINNING	202,696		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 176,459</u>		

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Transfer from general fund	\$ -	\$ 87,519
EXPENDITURES AND TRANSFERS		
Instructional support staff	\$ -	\$ -
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ 87,519
UNENCUMBERED CASH - BEGINNING	693,360	693,360
Prior year canceled encumbrances	-	-
UNENCUMBERED CASH - ENDING	<u>\$ 693,360</u>	<u>\$ 780,879</u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

TITLE I FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
State aid	<u>\$ 244,658</u>	<u>\$ 205,676</u>
EXPENDITURES AND TRANSFERS		
Instruction	<u>\$ 241,041</u>	<u>\$ 209,193</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 3,617</u>	<u>\$ (3,517)</u>
UNENCUMBERED CASH - BEGINNING		3,517
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 3,617</u></u>	<u><u>\$ -</u></u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

TITLE IV FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	2013	2014
CASH RECEIPTS		
State aid	\$ -	\$ -
EXPENDITURES AND TRANSFERS		
Instruction	\$ 2,713	\$ -
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,713)	\$ -
UNENCUMBERED CASH - BEGINNING	2,713	-
Prior year canceled encumbrances	-	-
UNENCUMBERED CASH - ENDING	\$ -	\$ -

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

TITLE IID FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	2013	2014
CASH RECEIPTS		
State aid	\$ -	\$ -
EXPENDITURES AND TRANSFERS		
Instruction	\$ 10	\$ -
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (10)	\$ -
UNENCUMBERED CASH - BEGINNING	10	-
Prior year canceled encumbrances	-	-
UNENCUMBERED CASH - ENDING	\$ -	\$ -

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

TITLE IIA FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
State aid	\$ 48,159	\$ 46,755
EXPENDITURES AND TRANSFERS		
Instruction	\$ 46,212	\$ 58,889
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,947	\$ (12,134)
UNENCUMBERED CASH - BEGINNING	8,468	12,134
Prior year canceled encumbrances	-	-
UNENCUMBERED CASH - ENDING	<u>\$ 10,415</u>	<u>\$ -</u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
FAMILY FITNESS CHALLENGE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Federal grant	\$ 59,762	\$ 23,966
EXPENDITURES AND TRANSFERS		
Other	\$ 57,862	\$ 21,540
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,900	\$ 2,426
UNENCUMBERED CASH - BEGINNING	988	2,888
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u>\$ 2,888</u>	<u>\$ 5,314</u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
GARFIELD SCHOOL GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Grant	\$ -	\$ -
EXPENDITURES AND TRANSFERS		
Instruction	\$ 402	\$ -
CASH RECEIPTS OVER (UNDER)		
EXPENDITURES	\$ (402)	\$ -
UNENCUMBERED CASH - BEGINNING	910	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u>\$ 508</u>	<u>\$ -</u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
CARL PERKINS GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
State aid	\$ 16,340	\$ 12,918
Other revenue	2,572	-
Total Cash Receipts	<u>\$ 18,912</u>	<u>\$ 12,918</u>
 EXPENDITURES AND TRANSFERS		
Instruction	<u>\$ 18,912</u>	<u>\$ 12,918</u>
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 \$ -	 \$ -
 UNENCUMBERED CASH - BEGINNING		-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
 UNENCUMBERED CASH - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
LIFE 21ST CENTURY (K-5) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Student fees	\$ 37,448	\$ 39,305
Grant revenue	55,000	50,000
Other revenue	7,861	9,347
Total Cash Receipts	<u>\$ 100,309</u>	<u>\$ 98,652</u>
 EXPENDITURES AND TRANSFERS		
Instruction	\$ 91,044	98,821
General administration	993	913
Student transportation	4,841	176
Total Expenditures and Transfers	<u>\$ 96,878</u>	<u>\$ 99,910</u>
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 \$ 3,431	 \$ (1,258)
 UNENCUMBERED CASH - BEGINNING	 21,168	 24,599
 Prior year canceled encumbrances	 -	 -
 UNENCUMBERED CASH - ENDING	 <u>\$ 24,599</u>	 <u>\$ 23,341</u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
ACTIVITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Student fees	\$ 54,839	\$ 45,032
EXPENDITURES AND TRANSFERS		
Purchased services	\$ 21,907	\$ 12,552
Supplies	32,783	32,629
Total Expenditures and Transfers	<u>\$ 54,690</u>	<u>\$ 45,181</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 149	\$ (149)
UNENCUMBERED CASH - BEGINNING	-	149
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 149</u></u>	<u><u>\$ -</u></u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
TEXTBOOK AND STUDENT MATERIALS REVOLVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended June 30, 2014

(With Comparative Actual Total for the Prior Year Ended June 30, 2013)

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Student fees	<u>\$ 127,630</u>	<u>\$ 117,587</u>
EXPENDITURES AND TRANSFERS		
Supplies	<u>\$ 87,297</u>	<u>\$ 123,930</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 40,333</u>	<u>\$ (6,343)</u>
UNENCUMBERED CASH - BEGINNING	-	40,333
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 40,333</u></u>	<u><u>\$ 33,990</u></u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
2014 BOND FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2014

	<u>2013</u>	<u>2014</u>
CASH RECEIPTS		
Bond proceeds	\$ -	\$ 24,272,504
Interest on idle funds	-	5,624
Total Cash Receipts	<u>\$ -</u>	<u>\$ 24,278,128</u>
 EXPENDITURES AND TRANSFERS		
Bond Issuance Costs	<u>\$ -</u>	<u>\$ 149,950</u>
 CASH RECEIPTS OVER (UNDER) EXPENDITURES	 \$ -	 \$ 24,128,178
 UNENCUMBERED CASH - BEGINNING	 -	 -
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
 UNENCUMBERED CASH - ENDING	 <u><u>\$ -</u></u>	 <u><u>\$ 24,128,178</u></u>

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended June 30, 2014

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
A-Club	\$ 25,372	\$ 50,500	\$ 58,451	\$ 17,421
Breakfast Buddies Club	606	-	-	606
Band Club	17,550	32,096	40,552	9,094
Class '12	188	-	-	188
Class '13	91	-	-	91
Class '14	2,044	920	2,869	95
Class of '15	-	5,389	5,349	40
Concessions	3,395	36,936	37,652	2,679
Cookies and More	100	-	-	100
Drama Society	6,280	729	1,520	5,489
Dance Team Club	1,628	5,142	5,667	1,103
FBLA	18,334	14,218	19,548	13,004
FCA	1,439	457	670	1,226
FFA	4,106	50,343	45,010	9,439
FCCLA	1,948	7,755	8,927	776
German Club	4,226	2,625	2,473	4,378
Debate	634	295	514	415
Horticulture Club	2,939	8,788	10,613	1,114
Library Club	2,854	148	52	2,950
National Honor Society	1,250	970	518	1,702
Spanish Club	2,758	205	331	2,632
Spirit and Pride	1,020	16,407	15,268	2,159
SPURS	505	1,561	1,353	713
Student Council	6,129	5,869	8,725	3,273
Vocal Music	-	4,059	1,235	2,824
Weight Club	1,846	10,024	9,210	2,660
Subtotal High School	\$ 107,242	\$ 255,436	\$ 276,507	\$ 86,171
Middle School				
Student Council	\$ 11,623	\$ 93,896	\$ 89,944	\$ 15,575
Subtotal Middle School	\$ 11,623	\$ 93,896	\$ 89,944	\$ 15,575
Total Student Organization Funds	\$ 118,865	\$ 349,332	\$ 366,451	\$ 101,746

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

DISTRICT ACTIVITY FUNDS

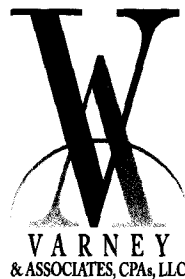
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended June 30, 2014

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Ending Cash Balance
School Projects Funds					
Middle School					
General	\$ 2,235	\$ 5,549	\$ 5,514	\$ 2,270	\$ 2,270
Library	122	-	100	22	22
Yearbook	575	3,655	4,113	117	117
Laundry	74	400	118	356	356
Total District Activity Funds	\$ 3,006	\$ 9,604	\$ 9,845	\$ 2,765	\$ 2,765

SCHEDULE 4



September 3, 2014

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Abilene Unified School District No. 435 (the District) as of and for the year ended June 30, 2014 and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated September 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Independent Auditor's Report

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varny & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas



September 3, 2014

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

Report on Compliance for Each Major Federal Program

We have audited the compliance of Abilene Unified School District No. 435 (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC
Certified Public Accountants
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Expenditures</u>
U.S. Dept. of Agriculture			
Passed thru State Department of Education			
Food Assistance - Breakfast	10.553 *	D0435	\$ 99,686
Food Assistance - Lunch	10.555 *	D0435	393,586
Food Assistance - Summer Food	10.559 *	D0435	17,394
Food Assistance - Team Nutrition Training Grant	10.574	D0435	990
State Admin Expenses for Child Nutrition	10.560	D0435	226
			<hr/>
Total U.S. Dept. of Agriculture			\$ 511,882
			<hr/>
U.S. Dept. of Education			
Passed thru State Department of Education			
Title I	84.010	D0435	\$ 205,676
Title IV 21st Century	84.287	D0435	50,000
Title IIA Fund	84.367	D0435	46,755
Title II Improving Teacher Quality	84.367	D0435	100
			<hr/>
Total U.S. Dept. of Education			\$ 302,531
			<hr/>
TOTAL FEDERAL ASSISTANCE			\$ 814,413
			<hr/>

* Major Program

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified
Internal control over financial reporting:
Material weaknesses identified? ☐ Yes ☒ None
Significant deficiencies identified not considered
to be material weaknesses? ☐ Yes ☒ None reported
Noncompliance material to financial statements noted? ☐ Yes ☒ None

Federal Awards

Internal controls over major programs:
Material weaknesses identified? ☐ Yes ☒ No
Significant deficiencies identified not considered
to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with OMB Circular A-133,
Section .510(a)? ☐ Yes ☒ No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Food Assistance - Breakfast	10.553
Food Assistance - Lunch	10.555
Food Assistance - Summer Food	10.559

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
June 30, 2014

None

Supplemental Information